

Message Text

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PAGE 01 SANTIA 04586 260118Z

71

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 DODE-00 PA-03 USIA-15 PRS-01 DRC-01 /152 W

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R 252336Z SEP 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 5855

LIMITED OFFICIAL USE SANTIAGO 4586

E.O. 11652: N/A

TAGS: EFIN, AFSP, CI

SUBJECT: FOREIGN CURRENCY PARALLEL MARKET IN CHILE

1. IN RECENT DAYS SUPPLY OF ESCUDOS FOR DOLLARS IN PARALLEL MARKET HAS DIMINISHED NOTABLY. AT SAME TIME PARALLEL RATE IS GOING DOWN. SEPTEMBER 25 QUOTES RANGE BETWEEN 1200 AND 1400 ESCUDOS PER DOLLAR, DOWN FROM 1500-1600 ESCUDOS LATE LAST WEEK AND APPROXIMATELY 2500 ESCUDOS JUST PRIOR COUP.

2. COMMENT: MAJOR REASON FOR THIS CHANGE IS INCREASED CONFIDENCE IN NEW GOVERNMENT AMONG UPPER INCOME CHILEANS. THEY ARE PROBABLY PURCHASING FEWER DOLLARS FOR HOLDING HERE OR INVESTMENT OVERSEAS AND USING SOMEWHAT MORE ESCUDOS TO BUY SHARES ON CHILE'S INCREASINGLY ACTIVE STOCK MARKET. (SANTIAGO 4494). ALSO, SOME CHILEANS MAY NOT NOW BE ENGAGING IN PARALLEL MARKET TRANSACTIONS IN ANTICIPATION OF FURTHER DECLINE IN RATE. FUTURE CHANGES IN PARALLEL RATE WILL DEPEND PARTLY ON GOC POLICIES REGARDING OFFICIAL EXCHANGE RATES AND INFLATION.
DAVIS

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Message Attributes

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Disposition Authority: golinofr
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